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Edited by Sim B Sitkin, Laura B. Cardinal and Katinka M. Bijlsma-Frankema

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PART I

Introduction and history

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1 *Control is fundamental*

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Organizational control is a fundamental aspect of organizing that has been largely neglected by organizational scholars for several decades. This volume brings together new approaches to organizational control theory and research by a diverse group of scholars with different scholarly viewpoints to show the vibrancy and future potential of the domain for generative scholarship. The purpose is to provide a springboard and touchstone for a renewal of work in this area.

Priming a renaissance in control research

Control systems have long been recognized as a fundamental aspect of all organizations (Scott, 1992) through which managers seek to align employee capabilities, activities, and performance with organizational goals and aspirations (Cyert and March, 1963; Merchant, 1985). Despite the fundamental nature of the phenomenon, its recognized importance, and some significant foundational work on organizational control, this area of study has been and remains seriously neglected. Specifically, organizational control is today underconceptualized in terms of its key constructs and its determinants and effects. As a result, organizational control has been subjected to only minimal theoretical and cumulative empirical study in recent years.

The atrophy of control research in the domain of organization and management presents a striking contrast with a rise in recent attention to control in the managerial accounting literature, where it has achieved some prominence (Birnberg and Snodgrass, 1988; Davila, 2005; Davila and Foster, 2007; Henri, 2006; Hopwood, 2005; Merchant and Simons, 1986; Simons, 1991, 1994, 1995; Whitley, 1999). Although the growth of attention to control in accounting research is indeed encouraging and useful, our enthusiasm is tempered by the

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recognition that this research in accounting represents a specialized view of organizational control. Further, when compared to the phenomenon itself – which is so fundamental to a broad array of organizational practices – the relevant organizational theories are rarely drawn upon in the broader accounting control literature.¹

This volume is based on the proposition that organizational control, as a fundamental and consequential feature of organizations, merits a revitalization of attention to both theory and empirical research. There are well-established (if largely forgotten or misunderstood) foundations for such work (e.g., Anthony, 1952; Blau and Scott, 1962; Etzioni, 1961, 1964, 1965; Fayol, 1949; Gouldner, 1954; Meyer and Rowan, 1977; Ouchi, 1977, 1978, 1979, 1980; Ouchi and Price, 1978; Perrow, 1970, 1972; Tannenbaum, 1968) as well as new scholarly efforts that could provide a promising springboard for renewed attention.

Conceptualizing organizational control: the intended contributions of the volume

This book aims to *advance the study of organizational control as a fundamental phenomenon, its key characteristics, relevant determinants, and effects*. The perspective chosen to pursue this quest can be distinguished from other approaches in three ways.

First, theoretically, we distinguish control as a coercive efficiency-enhancing tool from control as a source of sensemaking and identity formation. Thus, by acknowledging that control is a consequence and a source of human sensemaking and meaning giving, a wider-than-typical range of possible relevant factors related to control determinants and effects become worth studying.

Second, our perspective favors *configurational* approaches over single control elements studied in isolation, because the latter approach is seen as artificial in the light of sensemaking as a phenomenon. The book seeks to present theoretical explication of why multiple controls are used in particular combinations in certain contexts and the implication of how controls are balanced, adapted to circumstances, and evolve over time. In line with this preference, a promising direction for future research is studying configurations of control and other factors that promote commitment to organizational goals and effort directed at these goals, for instance, trust- or collaboration-promoting

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activities. Studying such configurations will promote awareness of organizational paradoxes and dilemmas flowing from simultaneous needs for control, which is expected to deepen our understanding of control in future research.

Third, the approach chosen implies a certain awareness of the *developmental nature* of organizational phenomena, such as control. By opening the book with a section in which the study of control is put in a *historical perspective*, the idea that present conceptualizations of control can be understood as part of a *process with a past and a future* is made salient. Dynamic theoretical and empirical research on how controls first come into use and how their use changes over time may add more to our understanding of control than cross-sectional studies.

By collecting the most generative of new scholarly approaches in one volume, this book was created to make control salient again to organizational researchers. By exploring a range of promising conceptualizations, developed in the past and in present scholarly work, the contours of a viable agenda for future research can be sketched. In particular, we hope to provide the theoretical and empirical foundations for priming a resurgence of cumulative work on this important topic.

Conceptualizing organizational control

The purpose of this volume is to provide a generative basis and stimulus for future work on control in organizations. Thus, the book is organized into four parts that reflect the types of stimuli we hope to offer.

Part I, **Introduction and History**, offers a context for exploring new conceptualizations and studies of organizational control. To open the volume, **Roger Dunbar** and **Matt Statler** provide a perspective on the history of organizational control research in “**A historical perspective on organizational control.**” They begin by assessing how ancient Chinese, eighteenth-century Europeans, and, more recently, Americans used alternative conceptualizations of agency to formulate different types and patterns of organizational control. They articulate the underlying assumptions that have shaped how control has been developed, conceptualized, and written about. They propose a new narrative perspective on control that not only draws upon traditional approaches to control, but also is well-suited to the new complex and distributed forms that are emerging in contemporary organizations and can help guide future research on control.

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Part II focuses on **Conceptions of organizational control**, leveraging and extending promising recent work on the conceptualization of control. Traditional approaches to control are extended to include more integrative, multi-faceted, and dynamic conceptions through the use of a configurational approach. In addition, two challenges to traditional approaches are offered, based on critical theory and the emergence of new organizational forms rarely taken into account in traditional organizational control theory. Thus, this section both extends and sharpens existing control theory and also examines the concept of control from fresh angles.

“A configurational theory of control,” by **Laura Cardinal, Sim Sitkin, and Chris Long**, examines the fundamental building blocks of organizational control and develops a synthesis of complementary, yet traditional, views of control. The authors contend that research on organizational control has been stifled by a highly fragmented literature and static theoretical frameworks and has not progressed substantially since Ouchi’s (1977, 1978, 1979, 1980) work in the 1970s and 1980s, with the possible exception of the work of critical theorists (e.g., Adler, 2007; Adler *et al.*, 2007; Barker, 1993; Jermier, 1998). In this chapter, Cardinal, Sitkin, and Long build on prior control research, but also extend it. They outline four problems in the control literature that have stymied the development of an empirical stream of research: lack of conceptual consensus, fragmentation, singularity, and lack of attention to control development. These authors develop a framework that integrates prior theories that have addressed control systems, control mechanisms, and control targets. Their framework permits us to explain the adoption and adaptation of individual organizational control mechanisms, as well as the overall evolution of organizational control systems over time.

Rick Delbridge contrasts critical perspectives with “mainstream” views of organizational control in his chapter, **“Critical perspectives on organizational control: reflections and prospects.”** He begins by suggesting that management and employees are agents with divergent interests that at best temporarily overlap. Delbridge looks at the historical development of critical management studies (CMS) and states that CMS seeks to understand the effects of control on those at work, given the shortcomings of management practices and structures. He suggests that CMS questions the overly narrow views of performance in economic terms that concern “mainstream”

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management research. The author delineates four power-and-knowledge themes that provide challenges for “mainstream” control researchers: questioning the taken-for-granted, beyond efficiency and profit maximization, ontology and epistemology, and challenging structures of domination. He further suggests that control researchers sidestep the issue of whether managers rationally choose forms of control because we are uncomfortable with power and ethical implications of managerial control. Delbridge contributes to our understanding of organizational control by incorporating the concept of identity in our theories of organizational control and helps us comprehend a more nuanced and complex appreciation of agency within social structures.

The chapters in Part III, **Identity, attention, and motivation in organizational control**, develop an array of issues, honing in on specific types of control, contexts in which control issues arise, and especially interesting or important determinants and effects of organizational control.

John Van Maanen’s “**Identity work and control in occupational communities**” taps the case of urban police officers to explore how control in occupational communities fundamentally depends on individual and collective identity work in order to affect organizational member behavior. By reflecting the limits of managerial authority and influence, the chapter highlights the limits of formal and hierarchical control when compared with the relative power of peer and informal control over police behavior. When control works, Van Maanen suggests, it must do so through its influence on the ongoing efforts of organizational members to build and sustain their sense of self-identity and identity with their co-workers. This chapter provides a springboard for future work that links nuanced in-depth studies of control in individual organizations or professions and experimental studies of how identity-based influence in organizations works and is guided by control systems, leaders, and peers.

“**Organizational identity and control: can the two go together?**” by Elizabeth George and Cuili Qian, explores the previously underattended idea that organizational control can have a positive effect on employee motivation through promoting employee adoption of an organizational identity. They criticize the general assumption underlying most conceptualizations of control: that there is a divergence of interest between the organization and the individual, such that individuals are likely to take care of their own interests ahead of those of

the organization. The authors argue that this need not be the case and that control theory could benefit from taking individual motivation into account. They propose that identity is a strong motivator of behavior and that by understanding how identity shapes behavior, some of the insights about identity could be integrated into conceptualizations of control. George and Qian discuss four ways in which identity can be incorporated into managerial control: membership-based control, prototype-based control, identity salience-based control, and identity coherence-based control. These types are distinguished regarding their effect on two functions of identity (e.g., uncertainty reduction and self-esteem enhancement), and the managerial tasks involved.

William Ocasio and Franz Wohlgezogen's "Attention and control" examines how five types of control affect attention in organizations and, through their effect on attention, influence decisions and actions with respect to organizational goals. Specifically, they differentiate hierarchical, outcome, behavioral, cultural, and channel controls. These authors explore how each type of control affects attention and what the drawbacks of each form of control are for attention. By drawing upon insights concerning both regulative and normative controls, and structural and situation-specific controls, and how each one influences attention in direct and indirect ways, their work opens valuable avenues for future research by linking these two literatures.

In "The role of motivational orientations in formal and informal control," Audrey Korsgaard, Bruce Meglino, and Sophia Jeong outline a framework that takes into account motives and mode of reasoning to understand the effectiveness of organizational control. Traditional research has historically focused on whether goals and means are understood and transparent in comprehending control use (Ouchi, 1979; Thompson, 1967). Korsgaard *et al.* expand that view by incorporating the two constructs (motivational bases and judgment processes) in order to understand employee responses to formal and informal control. Motivational mechanisms can be shaped by self-interest (i.e., personal) or other interest (i.e., the good of the organization). Judgment processes involve either heuristic reasoning that is effortless and automatic (i.e., based on values or norms) or rational deliberation (i.e., based on consequences). Organizational control mediated by behavior-consequence contingencies is expected to be more effective when an employee has a rational self-interest

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orientation. Conversely, organizational control mediated by social influences is expected to be more effective when the employee has adopted another orientation. Their perspective offers a framework for managers to adapt their operating practices using contextually tailored modes of control and presents a theoretical perspective for future research that moves beyond examining only goals and means as the primary lens to understanding organizational control and effectiveness.

The authors in Part IV, **Relational control**, challenge existing perspectives on organizational control that exclusively consider inside the organization as the focal unit of control, the centrality of controlees in understanding the appropriate mode of control, and managers as the sole source of control. By broadening the theoretical boundaries of organizational control theory these authors not only challenge conventional wisdom, but offer new avenues not previously explored in organizational control research.

In “**Relational networks, strategic advantage: new challenges for collaborative control**,” John Hagel, John Seely Brown, and Mariann Jelinek address the rising phenomenon of control in networks of organizations. They note that nearly all writing about organizational control has focused on control within organizations, with the exception of work on how formal joint ventures are managed. In contrast, they stress that there is much to learn from how informal (but powerful) networks of organizations have emerged and become quite successful in part because of how they manage control under such complex, adaptive, and emergent circumstances. The core control in these new forms can best be characterized, according to Hagel, Brown, and Jelinek, as relational rather than transactional. The functioning of these “relational networks” is lubricated by trust, which guides their selection of partners, connections among practices, and development of learning opportunities. The shift from analyzing control at the firm level to analyzing control at the network level presents both a significant new thrust in control research and also offers the opportunity for new insights from a new, rapidly emerging form of organizing.

“**Toward a theory of relational control: how relationship structure influences the choice of control**,” by Laurie Kirsch and Vivek Choudhury, argues that the traditional Ouchi-based (1977, 1978) view of control is incomplete because it examines the feasibility of control mode from

only the controller's perspective. They suggest that as work has become more team oriented, peer based, virtual, and distributed, the nature of the relationship between both controller and controllee needs to be considered. The authors develop a typology of relationships that examines the degree and type of risks and delineates the mode of control that builds trust within each type of relationship. Kirsch and Choudhury examine the differences in relationships by taking into account both the form (interdependence) and the depth (degree of importance and contact) of the relationship. Their integrated model incorporates the feasibility and need for control for both controller and controllee in control theories reflecting the complexity of modern-day organizations.

Misty Loughry, in "Peer control in organizations," argues that although peer control is widespread in organizations, it is not well understood. She consequently aims to systematize our current understanding of peer control. Her perspective on peer control questions the assumption that managers exclusively exercise control. In the first part of the chapter, she discusses the scope of the peer control concept, starting from a broad description: "Peer control occurs when workers who are at the same organizational level or in the same field exert lateral control over their peers." In the second part, she distinguishes four types of peer control, following from two dimensions (e.g., formal versus informal, and management designed versus worker designed). Several examples of each type are presented. In the third part of the chapter, she discusses the potential benefits and drawbacks of peer control, drawing upon five theoretical perspectives that can be used to examine informal peer control. The chapter concludes with suggestions for areas meriting greater attention in future research on peer control: levels of analysis, characteristics of workers, characteristics of the organizational context, the broader control system, and supervisor effects.

In Part V, **Managerial and strategic control**, the following chapters examine new theories and empirical opportunities for enhancing our understanding of how organizational control mechanisms and systems are adopted, function in organizations, and can influence the "levers of control" (Simons, 1995) that are utilized.

In "Control to cooperation: examining the role of managerial authority in portfolios of managerial actions," Chris Long presents a new theoretical direction for control research by refining and

complementing the work of control theorists who focus primarily on how managers use power and control to influence the interests and actions of their employees. Long questions two underlying assumptions of these control theorists: first, that superior–subordinate goal conflict is omnipresent within organizations; and second, that managers possess a quantity and quality of resources necessary to effectively implement whatever controls they seek to apply. He proposes that a systematic consideration of issues related to managerial authority may help scholars to formulate more comprehensive and realistic pictures of managerial attention and action. He specifically argues that a manager’s interest in preserving, protecting, and promoting his or her managerial legitimacy and authority forms a primary motivation for managerial action. The interests that managers have in developing or maintaining that authority by taking legitimate actions lead managers to balance their efforts to implement controls with the efforts they make to promote trust and fairness. These efforts are discussed in terms of managerial actions which lead to the separate aims, along with possible tensions between the aims and how a balance can be struck between them.

“Consequences and antecedents of managerial and employee legitimacy interpretations of control: a natural open system approach,” by Katinka Bijlsma-Frankema and Ana Cristina Costa, explores a natural and open system approach (Scott, 1992) to control, by combining institutional theory and organizational culture theory to challenge and complement traditional approaches to control. The authors challenge two dominant ideas from these approaches: first, that managers rationally choose control forms, and second, that control is interpreted negatively by employees. Building on institutional theory, their proposition is that key to the valence of interpretations and behavioral consequences of control is whether, given the explicit or implicit legitimization of a control mode by management, it is legitimate in the eyes of those controlled. If a control mode is deemed appropriate by organizational members, they will accept it, voluntarily comply, and positive consequences for the organization can be expected in the form of in-role and extra-role behaviors. Based on a historic analysis of management models, they distinguish four sources of legitimacy, on which managers and employees can draw to form their interpretations of the legitimacy of a control mode. Tensions among the four sources may demand